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RUEHPO/AMEMBASSY PARAMARIBO 0935
RUEHPU/AMEMBASSY PORT AU PRINCE 3623
RUEHSP/AMEMBASSY PORT OF SPAIN 4778
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STATE FOR WHA/CAR, SANTO DOMINGO FOR USFCS, USDOC FOR ITA
MICHELLE BROOKS

E.O. 12958: N/A

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SUBJECT: A GRIM OUTLOOK FOR 2009 FORECASTED AT THE BAHAMAS
BUSINESS OUTLOOK SEMINAR

REF: A. NASSAU 013

[1](#)B. NASSAU 041

[1](#)1. SUMMARY: Presenters at the Annual Bahamas Business Outlook Seminar held on January 15 painted a grim financial picture for the year ahead. Prime Minister Ingraham delivered the key note address, noting diversification is not necessarily the golden ticket to alleviating economic woes, while public and private sector participants offered ideas on how to make the economy viable once again. Each presenter echoed the same message: the present circumstances are bleak, the future is uncertain and one can only hope that ingenuity will bring some reprieve to this economic storm. The Minister of Tourism detailed plans aimed at making The Bahamas a more affordable destination in hopes of spurring tourism. END SUMMARY.

OVERCAST FORECAST

[1](#)2. During the keynote speech at the annual Bahamas Business Outlook seminar on January 15, PM Ingraham said he expects 2009 to mirror last year's economic woes. He emphasized that diversification is not the solution to the present economic condition, noting that countries that are diversified have not been exempt from economic adversity. On the good news side, the PM said tourist arrivals performed better than projected at the end of 2008 and property values for high-end real estate remained stable despite a decrease in property purchased by foreigners. The PM also noted that the GCOB is creating a capital works proposal geared towards creating jobs and business opportunities for Bahamians.

[1](#)3. Sarkis Izmirlian, Chairman and CEO of Baha Mar, decried the high energy costs that led to a significant loss for Baha Mar resorts on Cable Beach in 2008. The hotels were charged a daily energy utility fee of \$37 on occupied rooms, which created a financial burden for hotel properties already suffering from low occupancy rates. Izmirlian reported the desire to protect jobs but noted that lay-offs are a possibility if Baha Mar properties do not generate more business in 2009. The resort has already decided to close for eight weeks beginning in August of this year (reftel A).

SILVER LINING

[1](#)4. In an attempt to attract travelers to their properties, Baha Mar is currently working with the Ministry of Tourism to

make The Bahamas a more affordable destination. Minister of Tourism Vincent Vanderpool-Wallace explained the GCOB is unwilling to decrease wages for hotel employees and instead is seeking ways to reduce the costs of air travel. The Minister noted that discussions with U.S. Congress to grant an international tax concession to airlines traveling to the Caribbean have been favorable so far.

15. In an effort to boost travel and investment from other countries, Izmirlian's team will meet with high level officials from China in the next two weeks to discuss partnership in the Baha Mar project (reftel B). Izmirlian was optimistic about the upcoming meeting and said he hopes a partnership with China will be announced within the next six months. However, he made clear Baha Mar will continue to operate the resort, albeit with financing by the China ExIm bank and construction by China State Construction Co. If the arrangement is successful the project is expected to be completed within the next three years.

16. COMMENT: The PM is reluctant to hold an economic summit at this time because he says there is little more the GCOB can do to stimulate the economy given the global economic climate. The Business Outlook conference provided clear signals that the country should brace itself for a difficult year. Even if Chinese tourism to The Bahamas picks up, it is unlikely it will make up for the drop in U.S. tourism levels to the island nation. Most Bahamians agree that the best course of action is to brace for a bad 2009 and hope for an upswing in the economy in 2010.

ZUNIGA-BROWN